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July 30, 2004

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AUG 3 2004

GAMBLING COMMISSION
COMM & LEGAL DEPT

Washington State Gambling Commission
PO Box 42400
Olympia, WA 98504-2400

RE: Player Supported Jackpots – Payout of Prizes: WAC 230-40-610

Dear Commissioners Niemi, Parker, McLaughlin, Orr, and Ludwig

On behalf of our members, we submit the enclosed petition for rule change to amend WAC 230-40-610(5). The requested change would increase the limit for cash payouts on card room licensees' Player Supported Jackpots from \$500 up to \$2500 and allow for checks issued by licensees for PSJ to be cashed on premise. Please see attached for further explanation.

We look forward to being provided the opportunity to present further testimony on this issue.

Thank you in advance for your consideration of this request.

Sincerely,

Dolores A. Chiechi
Executive Director

Enclosures



**PETITION FOR ADOPTION, AMENDMENT, OR REPEAL
OF A STATE ADMINISTRATIVE RULE (RCW 34.05.330)**

The Office of Financial Management (OFM) has adopted this form for members of the public who wish to petition a state agency to adopt, amend, or repeal an administrative rule (regulation). Full consideration will be given to a petitioner's request.

To obtain this form in an alternate format, call OFM at (360) 902-0555 or TTY (360) 664-9437.

Please complete the following:

PETITIONER'S NAME (PLEASE PRINT) Recreational Gaming Association		TELEPHONE NUMBER (INCLUDE AREA CODE) 360-352-0514		
STREET ADDRESS	PO BOX NUMBER	CITY	STATE	ZIP CODE
	Post Office Box 1787	Olympia	WA	98507-1787
AGENCY RESPONSIBLE FOR ADMINISTERING THE RULE, IF KNOWN WSGC		If unknown, call (360) 753-7470 for mailing information		

Please submit completed and signed form to the "**Rules Coordinator**" at the appropriate state agency. The agency will contact you within 60 days.

Check all that apply below and explain on the back of this form with examples. Whenever possible, attach suggested language. You may attach other pages, if needed.

I believe a new rule should be developed.

- ☐ The subject of this rule is:
- ☐ The rule will affect the following people:
- ☐ The need for the rule is

:

I believe this rule should be changed or repealed because (check one or more):

- ☐ It does not do what it was intended to do.
- ☒ It imposes unreasonable costs.
- ☐ It is applied differently to public and private parties.
- ☐ It is not clear.
- ☐ It is no longer needed.
- ☐ It is not authorized. The agency has no authority to make this rule.
- ☐ It conflicts with another federal, state, or local law or rule. Please list number of the conflicting law or rule, if known
- ☐ It duplicates another federal, state, or local law or rule. Please list number of the duplicate law or rule, if known
- ☐ Other (please explain):

PETITIONER'S SIGNATURE

Dolores A. Chiechi on behalf of *DRGA*

DATE

7-30-04

Proposed Rule Change: WAC 230-40-610

DATE SUBMITTED: July 30, 2004

Who Proposed the rule change? Recreational Gaming Association.

Why is this rule change needed?

WAC 230-40-610 sets limits on cash payouts of prizes for winnings of a Player Supported Jackpot prize and restricts the winners from cashing checks at the same location they were issued.

Current requirements limit cash payments to \$500 and require checks be issued for amounts over \$500 on a single prize. With the limit set so low, licensees are prohibited from issuing cash to players for prizes that they have won and are prohibited from cashing any checks issued for prizes. These limitations prevent players the freedom to choose to take their winnings in cash or to continue to play using the prizes they have won that day unless they leave the location to cash their winnings.

The limits initially established by the Gambling Commission were set at a time that accounting procedures and policies were being developed and tested. Over time there have been no major issues regarding risk of loss to the players or the jackpot account. Cash payments from the cage are reimbursed later from the PSJ account by a check at the authorization of the designated custodian of the fund. Whether the amount is \$500 or \$2500 should not matter.

There seems to be little reason for the \$500 restriction based on the fact that funds from the Player Supported Jackpot account can only be withdrawn with the authorization of the authorized check signers.

By lifting the restriction for cashing checks issued from the licensed location's Player Supported Jackpot at that location, the commission will afford players the ability to access their winnings on the day awarded without inconvenience or service fees. On weekends and evenings players end up having to pay for check cashing services, because other businesses hesitate to cash checks from third parties. The casino that issued the prize fund check is familiar with the validity of the check and could provide the check cashing service without charging the player.

Check cashing procedures in a card room are recorded by surveillance; require date stamping the check; and endorsing it "for deposit only" on the back. It would seem that the controls in place at the card rooms is adequate to ensure checks cashed are properly handled and provide video tape of the person cashing the check. This allows commission agents to verify the identity of the person who cashed the check.

Statements against the proposed rule change. None at this time.

Which licensees will be directly impacted?

Potentially all enhanced card rooms (Class F) and all house-banked card rooms operating poker when they have a player supported jackpot.

What are the potential impacts to the agency? None.

Staff recommendation. To Be Determined.

WAC 230-40-610 Player-supported jackpots -- Restrictions -- Manner of conducting -- Approval. A player-supported jackpot (PSJ) is a separate contest of chance directly related to the play and/or outcome of authorized nonhouse-banked card games but which is not the card game itself. Card rooms with a Class F or house-banked license may establish a prize fund for the purpose of operating a PSJ for nonhouse-banked card games. Any PSJ must be approved in writing by the director or the director's designee prior to play. A PSJ must meet the following requirements:

Funding a PSJ.

(1) A licensee may provide house funds to establish a PSJ. The licensee shall issue a check from the general business account into the PSJ account to start the prize fund. Recouping of start up funds shall be done by issuing a check from the PSJ account to the business general account. Electronic bank transfers shall satisfy this requirement. Start up funds shall not exceed five thousand dollars per PSJ.

Using a rake to fund a PSJ.

(2) A licensee may assess a portion of players' wagers for a jackpot prize. Such amount shall not exceed one dollar per hand or game for each PSJ. This assessment shall be separately collected using the rake method.

PSJ funds are player funds - exception from administrative fee.

(3) The licensee acts only as the custodian of the PSJ funds, including any interest earned on this money, and maintains no legal right to the funds. All PSJ funds shall be awarded as prizes, based upon a format approved by commission staff. An administrative fee not to exceed ten percent of the amount collected for a PSJ may be imposed by the licensee. This administrative fee includes all expenses incurred by the licensee, including banking fees. No other expenses beyond the ten percent administrative fee shall be deducted from the PSJ account.

Prize fund custodian.

(4) Each licensee shall designate at least one "prize fund custodian" who shall be responsible for safeguarding and disbursing funds to winners. A prize fund custodian may be an owner, partner, officer, or licensed individual designated by a card room owner, partner, or officer. The custodian shall have signature authority for prize fund bank accounts and ensure accountability of all funds collected for use in a PSJ. The licensee shall meet the deposit requirements of WAC 230-40-608.

(7) Owners and on-duty card room employees must turn their cards face up at the end of each game so they may be observed by other players at the table and surveillance if:

- (a) Playing in a game with a PSJ;
- (b) The prize is not based upon a predetermined hand; and
- (c) There is a qualifying hand at the end of a game (such as a "bad beat" hand).

House dealer required.

(8) All card games offering a PSJ must utilize a house dealer.

Security requirements.

(9) Each gaming table offering a PSJ shall be required to install a closed circuit television system as outlined in WAC 230-40-625: Provided, That licensees operating any house-banked card games shall follow the security requirements set forth in WAC 230-40-825 for all tables in the card room, including those offering a PSJ.

Removing a PSJ from play.

(10) The following procedures shall be followed for all discontinued player-supported jackpots:

Discontinued.

(a) In the event a licensee elects to discontinue a PSJ, the balance, less any nonrecouped seed money, shall be distributed to players within sixty days of discontinuance by offering an approved promotion or card tournament of the same game under which the PSJ was originally accrued.

Closure of business.

(b) In the event a licensee ceases to operate a card room, or fails to maintain a valid card room license, all funds associated with the PSJ shall be distributed to the Washington state council on problem gambling.